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The Republican Budget: Providing Real Tax Relief for Americans

Returning Excess Taxes To Those Who Paid Them. The Republican budget protects Social Security and Medicare, reduces the national debt, and returns excess taxes to those who paid them. President Clinton's budget cannot honestly make any of these claims.

- ▶ A recent Congressional Research Service study found that an average American family will pay \$5,307 more in taxes over the next ten years than the government needs to operate — and this even after assuring that all our obligations to Social Security and Medicare have been met.
- ▶ Republicans will devote every cent of the Social Security surplus to Social Security. And, they will return the non-Social Security surplus to those who worked so hard to produce it by providing a tax refund of \$142 billion in tax refunds over the next five years, and almost \$800 billion in overpayments over the next ten years. All without touching Social Security and Medicare.

Clinton-Gore Budget to Raise Taxes. In contrast to the Republican budget, the Clinton-Gore budget returns none of the excess taxes to those who paid them, but instead raids Social Security, reduces Medicare, leaves the public debt higher than the Republicans', and increases net taxes by \$96 billion over the next ten years.

- ▶ In fact, a recent Tax Foundation study has found that low- and middle-income taxpayers will pay the lion's share of the President's tax increase.
- ▶ The study found that individuals with incomes of less than \$25,000 would bear 39 percent of the increased tax burden, while taxpayers with incomes between \$25,000 and \$50,000 would pay 22 percent of the new taxes.

Americans Deserve Tax Relief. Many middle-income families have an enormous tax burden.

- ▶ Federal taxes currently consume nearly 21 percent of America's gross domestic product, the highest percentage since WWII.

- ▶ Americans this year on average will have to work 129 days to pay off their total tax bill imposed at the federal, state and local levels, according to the Tax Foundation. Or put another way, the nation's effective tax rate is 35.4 percent.
- ▶ American workers are paying more in federal, state and local taxes than for food, clothing, and shelter combined.
- ▶ After setting aside every cent of Social Security's money every year and fully funding Medicare, Republicans place a priority on tax refunds for all taxpayers. Republicans strongly support tax relief from the marriage penalty, elimination of the death tax, broad-based tax relief including an across-the-board tax cut and expansion of the 15-percent individual income tax bracket, and retirement savings incentives, to name just a few of our ideas.

Republicans: Continuing the Job Begun in 1995. The tax relief provided in the budget resolution builds on the job Republicans began in 1995. Republicans believe Americans can best choose how to spend their own money.

- ▶ In 1995, Republicans proposed the Balanced Budget Act of 1995 which included tax relief for families, savings and investment incentives, healthcare-related tax relief, and relief for small businesses— all of which was vetoed by President Clinton.
- ▶ In 1996, Republicans provided, and the President signed, tax relief for small businesses and healthcare-related tax relief.
- ▶ In 1997, Republicans once again pushed for tax relief in the context of a balanced budget. This time President Clinton signed into law a \$500-per-child tax credit, expanded individual retirement accounts and the new Roth IRA, a cut in the capital gains tax rate, education tax relief, and estate tax relief.
- ▶ In 1998, Republicans— initially opposed by the Administration— pushed for reform of the Internal Revenue Code, and provided tax relief for farmers.

While Clinton Continues Avoiding the Promise He Made. In 1992, Candidate Clinton promised a middle-class tax cut. Yet, President Clinton has never proposed a net tax cut since he became President.

- ▶ In 1993, Clinton signed the largest tax hike— \$240 billion— in U.S. history. This year and last year, Clinton proposed tax hikes of \$100 billion.

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